



Apprenticeships and the future

Navigating skills, policy
and perceptions to hire and
develop apprentices

June 2025



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Among significant geopolitical, technological, and economic shifts, the UK is experiencing a critical skills transformation, one in which apprenticeships will play a pivotal role.

Defence, clean energy, AI, and advanced manufacturing are booming sectors, driven by reindustrialisation, climate strategy, and technological disruption. With demand for engineers, electric vehicle technicians, and AI-ready workers on the rise, organisations must invest in training and upskilling. More than half of UK manufacturers are reshoring operations, intensifying the need to rebuild and modernise domestic skills.

The government's record £3bn apprenticeship budget for 2025 is a positive step, but constraints remain. Notably, the defunding of Level 7 apprenticeships for under-22s from 2026 has disrupted pipelines in legal, public, financial sectors. To meet workforce demands across eight priority industries, including life sciences, digital, and professional services, a broader and more flexible skills strategy is essential. This includes the proposed Growth & Skills Levy and regional collaboration with Skills England.

Interest in apprenticeships among young people has reached an all-time high, yet significant barriers persist. Many students are unclear about their options, lack understanding of apprenticeship levels, and disengage during complex or unclear recruitment processes. While enthusiasm grows in sectors like manufacturing and tech, interest in energy and infrastructure careers remains low, requiring better outreach and perception-shifting efforts.

Employers must act now to future-proof their talent pipelines. This includes aligning apprenticeship programmes with long-term workforce strategies, securing internal stakeholder buy-in, and enhancing candidate experience. Key recommendations include data-led outreach to underrepresented groups, engaging parents and educators, simplifying recruitment steps, and offering robust pre-application support. Human-centred processes, paired with smart use of automation, can reduce dropout rates and improve retention.

Ultimately, apprenticeships done well represent a powerful lever for closing skills gaps, boosting social mobility, and supporting UK economic resilience.

We have provided a summary of key considerations, insights and recommendations to help emerging careers leaders to influence demand, hire and develop apprentice talent.

For support with early careers and emerging talent challenges end-to-end, or more information on the resource, please contact dan.doherty@groupgti.com

Importance of skills now and in the future

Apprenticeships are becoming increasingly vital as the UK faces a major shift in its workforce and skills needs. The government has recently announced a significant increase in the apprenticeship programme budget, [pushing funding beyond the £3bn](#) mark for the first time. This investment comes at a critical moment, as employers look to apprenticeships to close widening skills gaps in sectors such as defence, clean energy, AI, and advanced manufacturing.

The demand is clear. [The Institution of Mechanical Engineers](#) estimates [an annual shortfall of 60,000 engineers and technicians](#), essential for building the next generation of nuclear power stations. Companies like BAE, Rolls-Royce, EDF, and Babcock are responding with a £750 million investment in skills and training for the nuclear industry. Similarly, the [Institute of the Motor Industry](#) reports [a need for 16,000 electric vehicle technicians](#), while the [Institute of Chartered Accountants](#) warns that 40% of the UK workforce will need to upskill within three years to keep pace with AI. The World Economic Forum predicts that [AI will disrupt 85 million jobs](#) globally by 2030, while creating 97 million new ones.

These shifts are reshaping how employers think about talent. Apprenticeships are no longer just an entry point; they are a strategic tool for building future-ready workforces. Employers must now consider how to identify, nurture, and retain apprentice talent while ensuring inclusive and engaging candidate experiences. This includes simplifying recruitment, offering pre-application support, and aligning programmes with long-term workforce strategies.

Meanwhile, the broader economic landscape is reinforcing the need for domestic skills. More than half of British manufacturers that previously offshored jobs are now reshoring production to simplify supply chains, reduce risk, and accelerate innovation. This trend, along with reduced trade with China and a growing push to bring manufacturing back home, is driving demand for workers who can relearn traditional skills and develop new ones.

In a wartime era, the defence sector continues to see strong demand, supported by record government investment. At the same time, Britain is focusing on greener technologies, rewiring its energy systems, and reinventing infrastructure. Many of these jobs are being transformed or replaced by AI and automation, which further increases the need for upskilling and reskilling across the workforce.

Despite growing interest in apprenticeships, recent policy changes and the rise of AI-generated job applications have left many employers uncertain.

Which poses the questions:

Are the government setting up employers for skills success via apprenticeships?

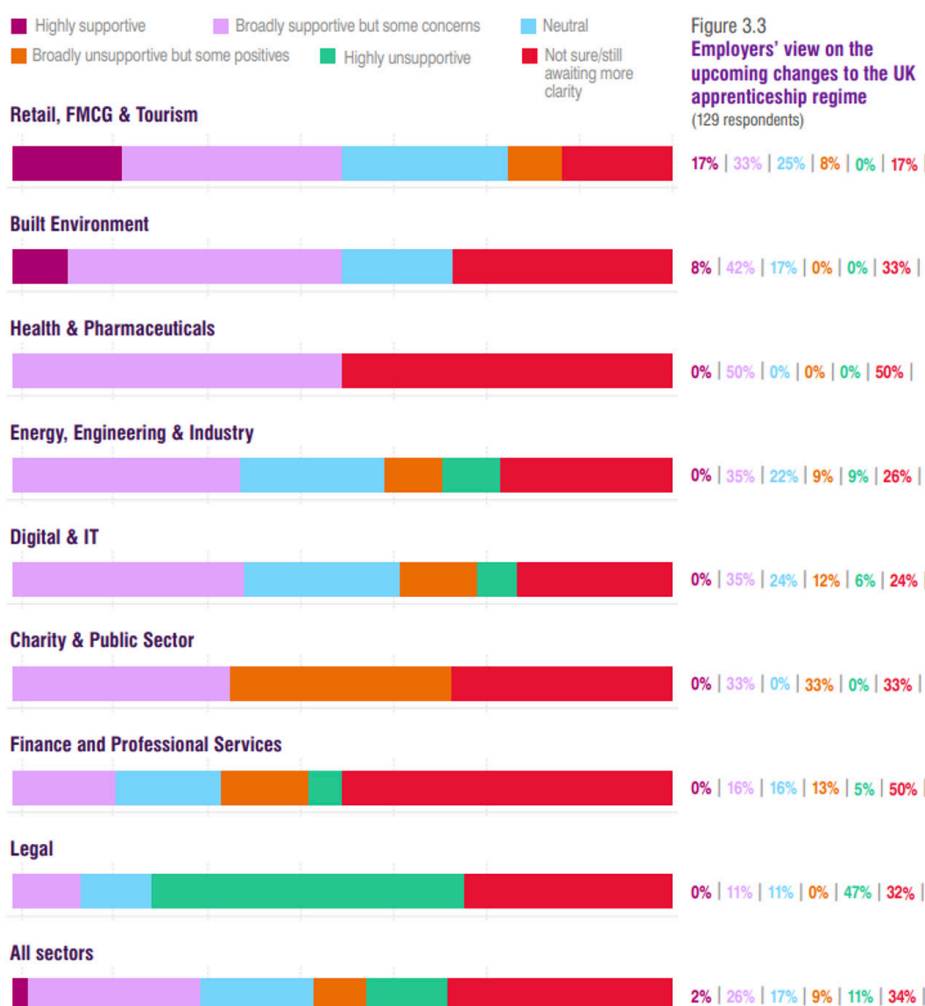
What are school leavers perceptions and expectations around apprenticeships and how is this changing?

How can employers create processes where they can identify, nurture and retain apprentice talent whilst providing an inclusive and positive candidate experience?

Impacts of changes in apprenticeships funding and policy on employers

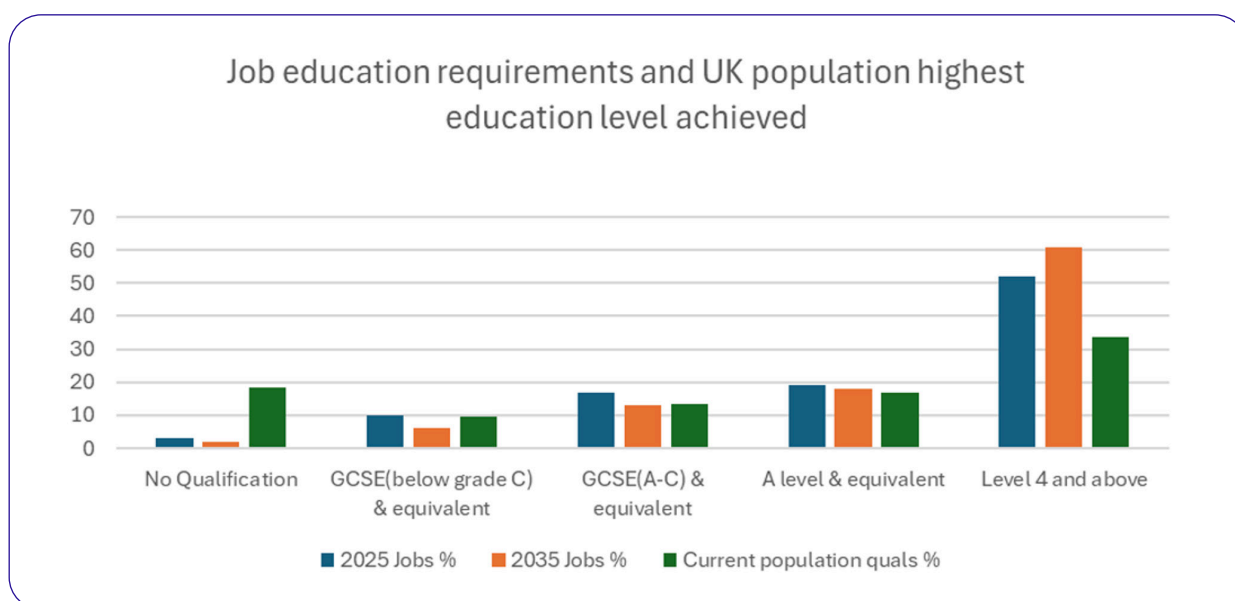
Investment and skills are crucial for the future of this economy, through developing our people through hiring, upskilling, and reskilling within organisations. The recent £3bn investment from government is great news for employers. However, there's constraints on this Department for Education budget, as 99% of this budget is spent. If a further increase in budget doesn't materialise, then the ability to leverage apprenticeships to help with workforce planning and people development strategies will not be realised to the extent that is probably needed.

The Level 7 apprenticeship news recently has created shockwaves amongst employers who had been using this funding to support existing staff and hire graduates onto Level 7 programmes. The [defunding of Level 7 programmes](#) for those under 22 years of age from January 2026 has impacted the Legal, Public, Financial & Professional Services sectors more than others, as illustrated below from the [Institute of Student Employers Development Survey 2025](#).



Why do we need a Growth & Skills Levy?

Below is a skills map of UK population and UK jobs, taken from [ONS](#) data. We can see that Level 4 and above is a key area where there is a skills shortage in the UK. Without further investment into the previously mentioned 8 core industries, this shortage will grow. Although low-skilled work is stable, employees in the UK broadly do not have the qualification level they need to do the job they do.



[Foundation apprenticeships](#) were launched to help reduce the NEET (Not in Education, Employment, or Training) population and support young people via an industrial strategy linked to 8 core industries:

- Advanced Manufacturing
- Clean Energy Industries
- Creative Industries
- Defence
- Digital and Technologies
- Financial Services
- Life Sciences
- Professional and Business Services

The hope is for young people to complete these foundation apprenticeships to then move onto higher level upskilling opportunities in these areas of skills shortages. Reduced time to complete these programmes will also help employers with retention and time to value metrics.

Skills England's board will work with employers to understand what the skills landscape should look like for the future. There's an optimistic and collaborative ambition here, notably to:

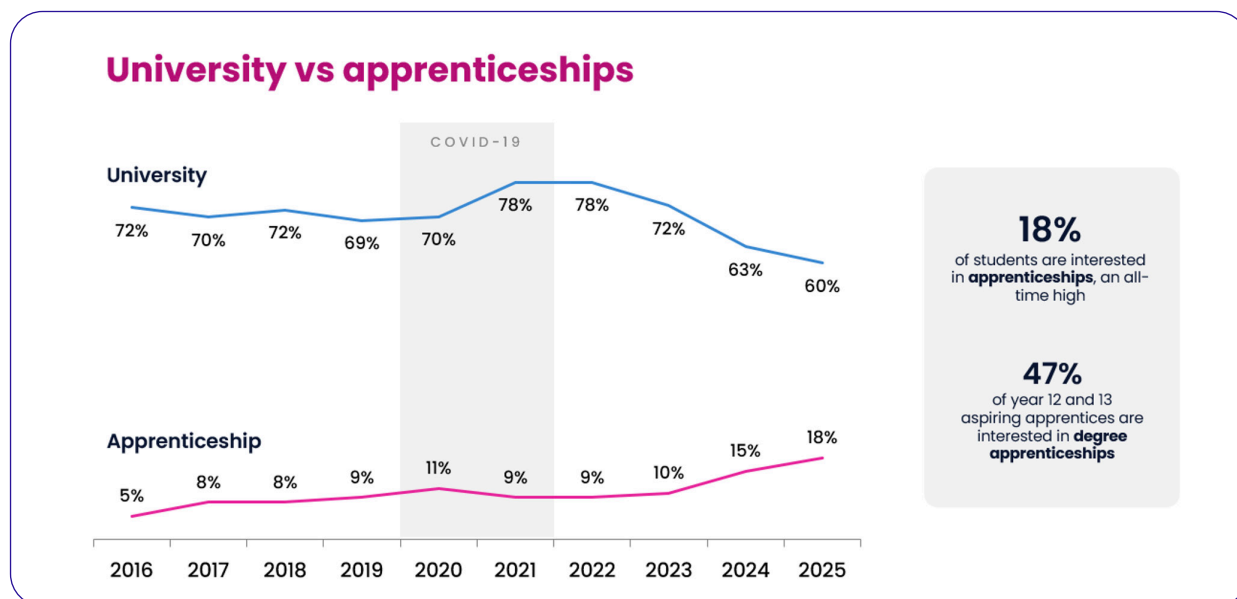
- Co-design programmes with employers, training providers and stakeholders together to meet the needs of industry
- Developing a national skills framework that has a regional lens

So how can employers help when it comes to funding, skills and policy when not around the table with decision makers?

1. Take opportunities to engage with Skills England regionally and nationally as the opportunities arise.
2. Continue to invest in skills in your organisation and don't rely on the Growth & Skills Levy as the go-to or only methods to hire talent in or upskills and reskill your existing workforce
3. If the economy grows and employers show skills are important to that growth, this will help push a case in future for the return of the Level 7 funding back towards a previous guise.

Perceptions and expectations of apprenticeships

Interest in apprenticeships has steadily increased in the post-COVID years, reaching a record high of 18%. In contrast, the traditionally more promoted university route is seeing a decline, with interest falling to its lowest level in over a decade, according to Cibyl's tracking studies.



So why the rise in interest over this sustained period?

Below outlines some of the feedback we see from our Cibyl research, with key factors coming through as:

- **Learning styles** – preference for practical, hands-on learning
- **Employability** – industry-specific experience over university students
- **Financial** – university costs are increasingly unattractive when compared to degree apprentice opportunities

Apprenticeship motivations: from students themselves

1. Preference for practical, hands-on learning over academic study

Many students expressed that they struggle in traditional academic or classroom environments and learn better through doing.

"I learn better in practice than in theory, so it is the better option for me."

"I prefer learning by doing."

"I don't work well in a classroom environment."

2. Desire for real-world work experience to improve employability

Students value the opportunity to gain industry-specific experience while learning, seeing it to boost their job prospects.

"Apprenticeships allow me to gain an advantage of having more years of experience in my sector than my peers."

"It gives work experience as well as learning about the job resulting in a lot more knowledge about the job."

3. Financial concerns and avoiding university debt

Many students cited the high cost of university and the appeal of earning a wage while learning as key factors.

"Earn while I learn."

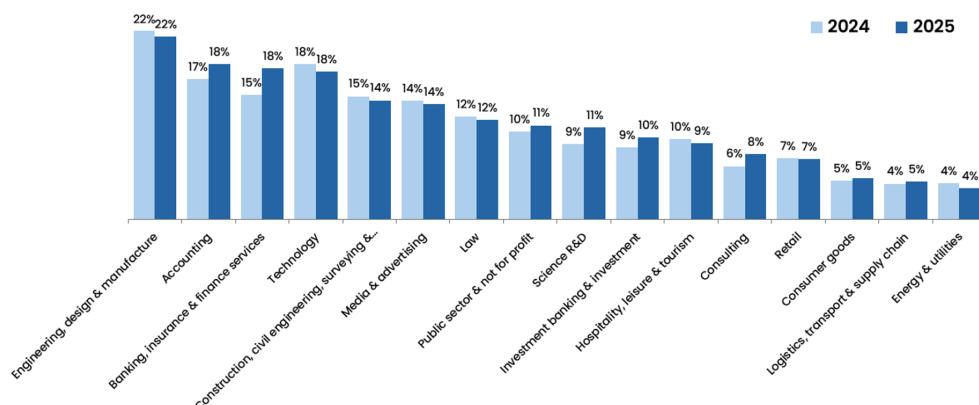
"University is very expensive and, in most cases, leads to debt which takes a long time to pay off."

"I get my degree and training and experience all for free."



Despite this growing interest generally, it becomes more interesting and problematic when broken down into sectors:

Apprenticeship-bound students' sector preferences

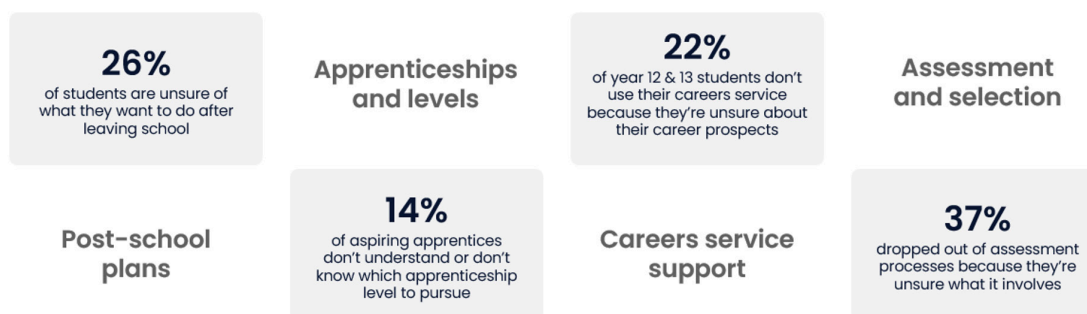


As we can see, there is strong interest in sectors such as Manufacturing, Technology, Financial Services, and the Creative Industries. These are areas where skills gaps exist and where the government is actively investing. However, there is noticeably less interest in the Energy sector. This sector will need to work harder to promote its career pathways and improve public perception.

It is also becoming increasingly more challenging for young people to make decisions regarding what to do after school due to uncertainty and a lack of information. Confusion still appears to be evident in our Cibyl research, with large numbers still:

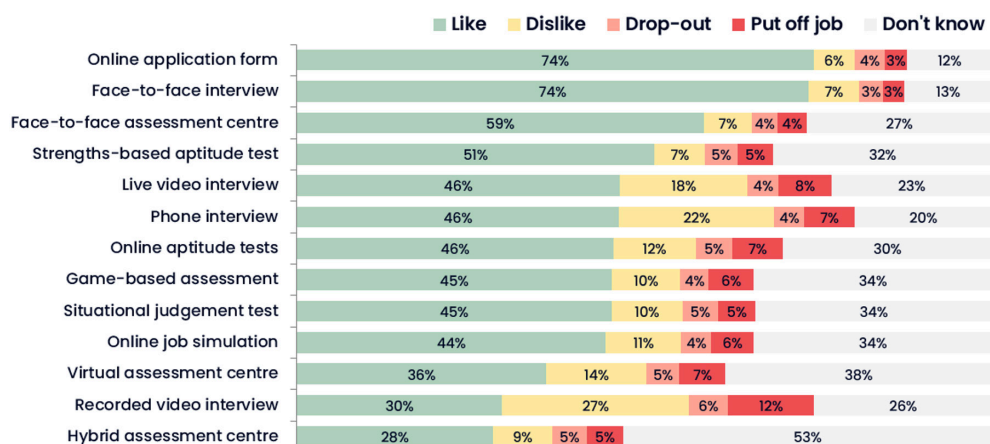
- Not knowing what they want to do and ignoring careers services
- Not understanding apprenticeship levels
- Not completing employer selection processes due to lacking knowledge of what is involved

Uncertainty: the prevailing theme



For many applicants, the apprenticeship recruitment process is one of their first experiences with formal selection procedures. However, their perceptions and preferences can quickly influence how likely they are to drop out. The Cibyl insights below help illustrate this point. When this kind of data is filtered by region, EDI characteristics, or sector, it often reveals both challenges and useful explanations for why some employers are seeing their talent pipelines shrink.

Assessment preferences

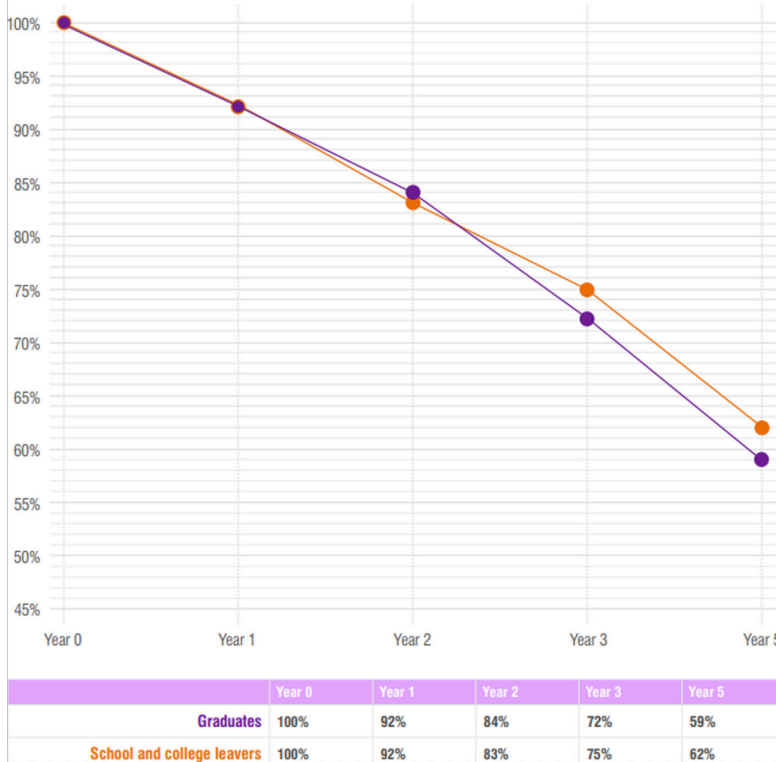


On the employer side of apprenticeship perceptions, ISE data shows how the gap in school leaver retention vs graduate retention is narrowing, so the previous business case that school leavers would stay longer is losing its influence. Employers need to think about positioning this internally. These C-Suite engagement [resources](#) have helped employers do this in the last six months.

Retention

Retention of hires is a key metric that employers use to measure the success of their development programmes. Employers are keen to retain the talent they have invested in and see their early career hires flourish within the organisation. In Figure 6.1, we explore how the average proportion of retained graduates and school and college leavers differs across the first five years of employment.

Figure 6.1
The average proportion of the cohort retained over the first five years of employment
(61 respondents in graduates; 47 respondents in school and college leavers)



Another area where the gap is closing between these two groups is the starting salary gap. This suggests the school leaver market is becoming more mature; their qualifications are better understood and valued more by businesses.

Apprentice recruitment done well

As employers navigate this rapidly evolving skills landscape, getting apprentice recruitment right has never been more critical. Done well, it can deliver long-term value to organisations, support social mobility, and help close these skills gaps. Success requires stakeholder buy-in, thoughtful candidate engagement, and smart use of technology.

Stakeholder buy-in

Senior stakeholders are keen to view early careers investment through the lens of ROI. Concerns around productivity lag, rising salary expectations, and retention risks are common. These themes were echoed during the C-suite Breakfast News session in November 2024, where senior business leaders voiced a need for clearer evidence of long-term value from early careers programmes. You can access our whitepaper, insights and videos from this C-Suite themed Breakfast News, [here](#).

Business leaders want reassurance that apprenticeship programmes are aligned with future workforce needs. Programmes that address critical skill gaps, particularly in digital, AI, and data science, are more likely to gain executive support. Apprenticeships must be positioned not just as a talent pipeline, but as a strategic lever for future-proofing the organisation.

Apprentice attraction

Attracting apprentices remains a challenge, particularly outside of London and amongst underrepresented groups. Many employers struggle to get opportunities in front of students. Tools like the Cibyl Schools Targeting Tool can help employers identify and engage with a broader pool of candidates, offering data-driven insights into where and how to target outreach.

To improve attraction outcomes, employers could consider the following strategies:

- **Use data to guide outreach:** Leverage platforms such as the Cibyl Schools Targeting Tool as well as Cibyl data to understand where diverse talent is located and how they prefer to engage with employers.

cibyl
Schools List Builder - England

	School name	Postcode	Number of Pupils	% FSM	% girls
1.	Lycee Francois Charles de Gaulle	SW7 2DG	3,467	null	50.22%
2.	Walton High	MK7 7WH	3,077	21.9%	51.25%
3.	Robert Clark School	RM8 1JU	2,900	28.7%	47.83%
4.	Brampton Manor Academy	E6 3SQ	2,880	33.9%	51.28%
5.	Loxford School	IG1 2UT	2,779	23.5%	47.07%
6.	Ashfield Comprehensive School	NG17 8HP	2,645	25.4%	51.95%
7.	Beal High School	IG4 5LP	2,628	16.8%	45.85%
8.	The Sydney Russell School	RM9 5QT	2,593	26.2%	49.94%
9.	Kingsdale Foundation School	SE21 8SQ	2,527	16.7%	49.82%
10.	Roundhay School	LS8 1ND	2,518	16.4%	51.15%
11.	Cardinal Newman Catholic School	BN3 6ND	2,507	16.6%	46.55%
12.	Oakgrove School	MK10 9JQ	2,490	15.5%	49.32%
13.	St Mary's College, Voluntary Catholic Academy	HU6 7TN	2,471	18.3%	52.45%

☒ School type (detailed)

☒ Academy 16 to 19 sponsor led
☒ Academy 16-19 converter
☒ Academy alternative provision converter
☒ Academy alternative provision sponsor led
☒ Academy converter
☒ Academy secure 16 to 19
☒ Academy special converter
☒ Academy special sponsor led

☒ School Type (Grouped)

☒ Academies
☒ Colleges
☒ Free Schools
☒ Independent schools

☒ Admissions Policy

☒ Selective
☒ Not applicable
☒ Non-selective
☒ null

% FSM
0.00% 100.00%

% girls
0.00% 100.00%

- **Strengthen school and college partnerships:** Build long-term relationships with educators and career advisors to ensure your opportunities are visible and well-explained to students.
- **Engage parents and carers:** Many young people rely on family input when making career decisions. Providing resources and events for parents can help demystify apprenticeships and build trust.
- **Showcase real stories:** Use apprentice case studies and testimonials to bring your programmes to life and make them relatable.
- **Simplify the application process:** Ensure your application process is mobile-friendly, accessible, and easy to navigate. This is especially important for candidates who may be first-time job seekers.
- **Highlight progression pathways:** Clearly communicate how apprenticeships can lead to long-term careers, further qualifications, and leadership roles within your organisation.
- **Offer pre-application support:** Consider running virtual Q&A sessions, coaching sessions, or application workshops to help candidates feel more confident and informed.

Candidate management & engagement

According to the 2025 Cibyl School Leaver Survey, **53%** of apprentice candidates dropped out of a recruitment process due to anxiety, and **37%** dropped out due to uncertainty of what the recruitment process involved. Ensuring the candidate experience is transparent and supportive is essential to retaining strong candidates during the recruitment process and for setting the tone for long-term retention.

A personalised, human-centred approach can support candidates through every stage of the journey. However, as application volumes rise, maintaining a high-touch level of care becomes more challenging. Employers must strike a balance between personalisation and scalability, using technology to streamline processes while preserving the human touch.

Tesco's Stronger Starts retail apprenticeship programme demonstrates how a transparent, supportive, and well-structured recruitment journey can reduce candidate anxiety and improve retention. Tesco clearly lays out the recruitment journey for the candidates and offers human support and engagement wherever possible. They invite candidates to group virtual coaching sessions ahead of the telephone interview and final assessment centre to demystify these stages and help candidates feel prepared, particularly those who may be facing their first interview. By taking deliberate steps to reduce anxiety and build confidence, Tesco has transformed the candidate experience. **100%** of candidates surveyed at the assessment centre reported feeling supported and well-prepared throughout the process.

To improve candidate experience whilst balancing management of increasing volumes, employers could consider the following strategies:

- **Provide early and clear communication:** Set expectations from the outset with clear timelines and explanations of what each stage entails. Provide regular communications and updates, especially if any timelines change throughout recruitment.
- **Offer coaching and guidance:** Run group coaching calls or webinars to help candidates prepare for interviews and assessments.
- **Proactive reasonable adjustment support:** Proactively offer guidance on what types of adjustments are available and how to request them. Many candidates may not know what they can ask for in a recruitment experience.
- **Engage with support networks:** Be open to communicating with parents, carers, or support workers where appropriate, especially for younger or more vulnerable candidates.
- **Leverage technology** to enhance, but not replace, human interaction:
 - o Automate early-stage processes, such as eligibility checks, to free up recruiter time for personalised support.
 - o Deploy AI skills matchers or chatbots to answer FAQs and reduce candidate anxiety.
- **Build community pre-start:** Use onboarding platforms or virtual welcome events to help offer holders feel part of the organisation before day one.
- **Celebrate milestones:** Acknowledge key moments in the process, such as offer acceptance or programme start, with personalised messages or welcome packs.

A thoughtful candidate experience not only improves conversion rates but also builds brand awareness and loyalty, even among those who don't receive offers. In a competitive market, it's a key differentiator that can help employers stand out and attract the best early talent.

To view the suite of videos from June 2025's Breakfast News which inspired this paper, click [here](#).

If you would like to know more about how GTI are helping organisations with end-to-end recruitment and onboarding services and technologies, please contact dan.doherty@groupgti.com

This paper was inspired by the Group GTI Breakfast News June 2025 edition,
sponsored by Institute of Student Employers.



To access all of the videos and slideware, click [here](#).



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